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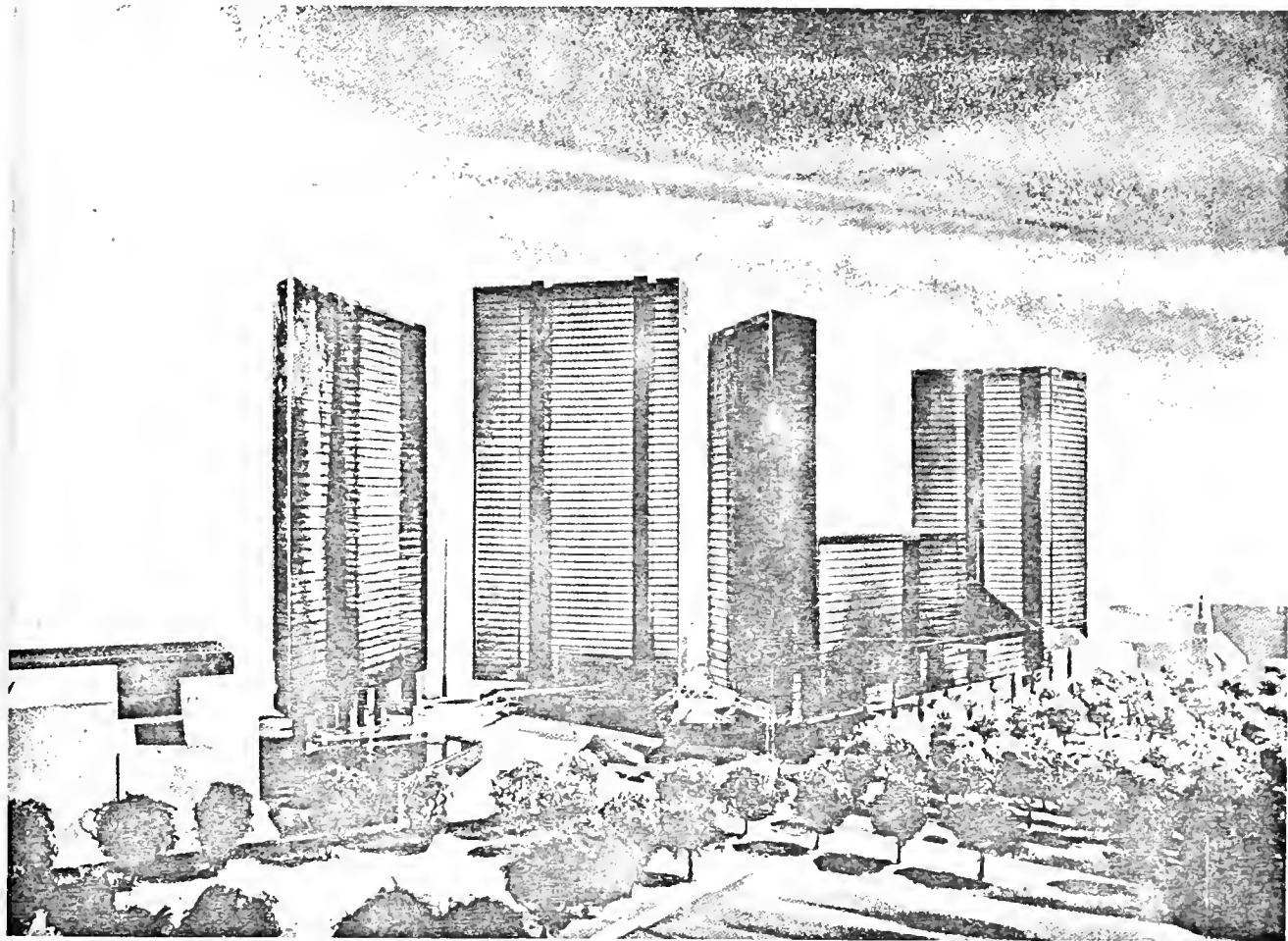
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Boston Urban Associates

PARK PLAZA

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**LUXURY
HOUSING
OPPORTUNITIES**

July 19, 1971

Gladstone associates

ECONOMIC CONSULTANTS

LUXURY RENTAL OPPORTUNITIES

PARK PLAZA SITE

Prepared For

BOSTON URBAN ASSOCIATES

July 19, 1971

By

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August 20, 1970

Mr. Edward H. Linde
Executive Vice President
Boston Urban Associates
1 Boston Place
Boston, Massachusetts 02102

Dear Mr. Linde:

This memorandum examines the development opportunities for luxury rental apartments at your Park Plaza site in Boston, Massachusetts. The memorandum summarizes the major findings of our analysis of the downtown luxury housing market and sets forth a recommended development program for the Park Plaza site.

Our key findings are outlined below and are discussed in detail in the following pages:

The site is well located to tap the potential demand for luxury apartments in downtown.

Expressed in terms of 1975 dollars, we expect that luxury apartments at the Park Plaza site could command rents in excess of \$.50 per square foot, with unit rents averaging approximately \$500 per month. These rents are equivalent to current rates of \$.40 per square foot and \$390 per month.

An absorption pace centering on approximately 315 a year could be expected with the pace ranging from 255 to 380 units annually depending upon the specific market conditions at the time of leasing.

To facilitate your review this report has been divided into four sections:

- Report Highlights
- Market Background
- Multi-Family Housing Opportunities
- Development Recommendations

Mr. Edward H. Linde
August 20, 1971
Page Two

It has been a distinct pleasure to undertake this interesting assignment for you and should you have any questions regarding the items covered in this memorandum, please do not hesitate to contact us.

Very truly,

GLADSTONE ASSOCIATES

Richard E. Bonz
Senior Associate

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SECTION I

REPORT HIGHLIGHTS

SECTION I: REPORT HIGHLIGHTS

1. From an examination of the Metropolitan Boston Area economy we expect that the economic growth of the preceeding 10 years will continue through the 1970's and that current economic conditions will experience a substantial upturn.
2. With continued economic growth in the Boston Metropolitan Area the population and household gains of the past decade will be continued through 1980, with approximately 165,000 persons and 88,000 new households added to the Metropolitan Area during the decade.
3. In line with past trends, the Boston-Brookline Core Area is expected to continue to lose population; however, because of changes in the household composition, the trend of continued household losses will be reversed and the core area will increase by approximately 2,700 households during the 1970's.
4. The demand for housing in Boston, the Core Area, and Metropolitan Boston appears strong in the ensuing decade, with increases in the incomes giving rise to additional demand for quality housing.
5. The Boston-Brookline Core will continue to attract upper income households from both the Boston suburban areas and outside of the Boston Metropolitan Area, resulting in an estimated annual demand for 765 additional quality apartments in Boston during the 1970's.

6. In addition to the demand generated by new households, the intra-city mobility of upper income families -- the movement of existing households to better housing within the city of Boston -- will add significantly to the potential rental market for Park Plaza. We estimate that an average of approximately 1,785 Boston households having incomes in excess of \$20,000 will move to better housing in the city annually during the decade.
7. Combining new and turn-over housing demand we find a total market potential of approximately 2,550 luxury apartments on an average annual basis in Boston during the 1970 to 1980 period.
8. Based upon an analysis of market potentials, competitive offerings, and rental experience of other quality developments in the core area, we estimate that Park Plaza could capture approximately 10 to 15 percent of this potential market, a leasing rate centering on approximately 315 units annually. Depending upon specific conditions however, the capture might be expected to range from a low of 255 units to a high of approximately 380 units per year.
9. The recommended development program for the Park Plaza site addresses the upper income strata of demand for quality rental housing and is summarized in Table I-1, following. The rent levels shown are in 1975 current dollars and would be price-competitive with luxury units currently offered in the Boston-Brookline Core Area.

RECOMMENDED DEVELOPMENT PROGRAM
QUALITY RENTAL APARTMENTS
PARK PLAZA SITE

<u>Unit Description</u>	<u>Unit Mix</u>	<u>Average 1975 Unit Rent 1/</u>	<u>Average Unit Size in Net Square Feet</u>	<u>Average Rent Per Square Foot in 1975</u>
Efficiency, 1 Bath	15%	\$330	600 s.f.	\$.55
One Bedroom, 1 Bath	40%	\$460	850 s.f.	.54
One Bedroom - Den, 1 1/2 Bath	10%	\$560	1,050 s.f.	.53
Two Bedroom, 2 Bath	25%	\$625	1,250 s.f.	.50
Two Bedroom - Den, 2 1/2 Baths	5%	\$700	1,400 s.f.	.50
Three Bedroom, 2 1/2 Baths	5%	\$760	1,550 s.f.	.49
	<u>100%</u>	<u>\$575</u>		

1/ Based upon an assessment of 1971 potentials and an eight percent average annual increase in rentals during the 1971 - 1975 period.

SECTION II.

MARKET BACKGROUND

Section II. MARKET BACKGROUND

This section examines the key market factors and trends affecting the development opportunities at the Park Plaza site. Population, household formation, age, income, and mobility patterns are analyzed in order to establish the parameters for future development.

Population

During the past decade, population in the Boston metropolitan area increased by nearly 160,000 persons and in 1970 stood at 2.7 million people. Expressed in percentage terms, the metropolitan area grew at an average rate of 0.6 percent annually from 1960 to 1970.

The core area, consisting of Boston and Brookline, lost approximately 50,000 persons during the 1960's. These losses were attributable to the city of Boston, where population declined at a rate of approximately 5,600 persons annually during the decade. Brookline, on the other hand, gained nearly 500 persons annually during the period.

Table II-1.

POPULATION TRENDS
BOSTON, CORE AREA, AND METROPOLITAN AREA
1960 TO 1970

	<u>Population</u>		<u>Average Annual Change</u> <u>1960-1970</u>	
	<u>1960</u>	<u>1970</u>	<u>Number</u>	<u>Percent</u>
City of Boston	697,200	641,100	-5,620	-0.8%
Core Area ^{1/}	751,200	700,000	-5,120	-0.7%
Metropolitan Boston	2,595,700	2,753,700	15,800	0.6%

^{1/} Boston and Brookline

Source: U. S. Bureau of Census 1960, 1970; Gladstone Associates.

Looking ahead to 1980, the metropolitan area is expected to increase by approximately 165,000 persons during the decade of the 1970's. This forecast anticipates the continuation of the region's present growth rate.

Table II-2.

POPULATION PROJECTIONS
BOSTON, CORE AREA AND METROPOLITAN AREA
1970-1980

	<u>1970</u>	<u>1975</u>	<u>1980</u>	<u>Average Annual Change</u> <u>1970-1980</u>	
				<u>Number</u>	<u>Percent</u>
City of Boston	641,100	615,400	589,100	-5,200	-0.8%
Core Area ^{1/}	700,000	681,700	653,400	-4,660	-0.7%
Metropolitan Boston	2,753,700	2,836,200	2,918,800	16,520	0.6%

^{1/} Boston and Brookline Core

Source: U. S. Census, MAPC; Gladstone Associates.

As was the case during the 1960's the substantial portion of population growth is expected to be concentrated in suburban areas. Within the core areas of Boston and Brookline, the trends evident during the 1960's are expected to continue with the city's population declining by nearly 5,200 persons annually and Brookline's population increasing by slightly more than 500 persons per year.

Household Trends

From 1960 to 1970 nearly 90,000 new households were added to the Boston metropolitan area and, by 1970, the metropolitan area contained approximately 860,000 households. As with population growth, household increases were concentrated primarily within the suburban areas and the city of Boston experienced a loss of approximately 6,800 households during the decade.

Table II-3

HOUSEHOLD TRENDS
BOSTON, CORE AREA, AND METROPOLITAN BOSTON
1960-1970

	1960	1970	Average Annual Change 1960-1970	
			Number	Percent
City of Boston	224,432	217,622	-680	-0.3%
Core Area ^{1/}	243,376	240,320	-294	-0.1%
Metropolitan Boston	771,887	859,723	8,780	1.1%

^{1/} Boston and Brookline

Source: U. S. Census; Gladstone Associates.

With a continuation of the present rate of household growth, by 1980, the number of households in the Boston Metropolitan Area should reach 954,000, representing an average gain of 9,400 households annually during the 1970's. Within the core area, the household trends experienced during the preceding decades are expected to be reversed as the number of households in the city of Boston stabilizes at approximately 217,000 by 1980, as a continued decline in average household size tends to offset anticipated population losses. These smaller household sizes reflect a continuation in the immigration of young and childless households, as well as empty-nester families, to the city.

Table II-4

PROJECTED HOUSEHOLD TRENDS
BOSTON, CORE AREA AND METROPOLITAN BOSTON
1970-1980

	1970	1975	1980	Average Annual Change 1970-1980	
				Number	Percent
City of Boston	217,622	217,300	217,000	-62	-.03%
Core Area ^{1/}	240,320	241,600	243,000	268	0.1%
Metropolitan Boston	859,700	905,000	954,000	9,430	1.1%

^{1/} Boston and Brookline.

Sources: U.S. Census; MAPC; Gladstone Associates.

Household Size and Age Trends

The household projections reflect a continuing decline in average household size, consistent with regional and national trends. Average household size in Boston has remained slightly above that for the Boston-Brookline core area during the 1950's and a continuation of this relationship is anticipated through 1980.

Table 11-5. AVERAGE HOUSEHOLD SIZE
BOSTON-BROOKLINE CORE AND METROPOLITAN AREAS
1960 to 1980

	<u>Persons per Household</u>		
	<u>1960</u>	<u>1970</u>	<u>1980</u>
Boston	3.11	2.95	2.71
Brookline	2.84	2.59	2.47
Core Area	3.09	2.91	2.69
Metropolitan Boston	3.36	3.20	3.06

Sources: U.S. Census, 1960, 1970.
Gladstone Associates.

A contributing factor to the decline in average household size in the City of Boston has been an out-migration of persons in the 35-54 year old age bracket and a decline in the number of children under 15 years of age. As evidenced in Table II-6, the 1960's saw a decline in the number of persons in virtually all age categories, with the exception of young student aged persons in the 15-24 year age group.

In terms of the age distribution of the population, the most dramatic changes evidenced during the preceding decade were the increase in the proportion of young persons of student age, and a corresponding decrease in the distribution of persons in the 25-64 year old age categories.

Table II-6.

POPULATION AGE TRENDS
CITY OF BOSTON
1960 - 1970

Age Category	Number of Persons				Decade Change	
	1960		1970			
	Number	Percent	Number	Percent	Number	Percent
Under 15	171,800	24.6%	152,600	23.8%	- 19,200	- 11.1%
15 - 24	106,500	15.3%	138,200	21.6%	+ 31,700	+ 29.8%
25 - 34	88,900	12.8%	79,400	12.4%	- 9,500	- 10.7%
35 - 44	84,500	12.1%	60,700	9.5%	- 23,800	- 28.2%
45 - 54	83,600	12.0%	65,500	10.2%	- 18,100	- 21.7%
55 - 64	77,300	11.1%	62,900	9.8%	- 14,400	- 18.6%
Over 65	84,600	12.1%	81,800	12.7%	- 2,800	- 3.3%
Total	697,200	100.0%	641,100	100.0%	- 56,100	- 8.0%

Sources: U.S. Census.
Gladstone Associates.

With minor exception, we anticipate that the City's age distribution trends of the past ten years will likely continue during the 1970's. Specifically, Boston will continue to attract a number of young persons, including students, in the 20 to 24 year age group. Likewise, the City will continue to appeal to other small household groups from suburban Boston and outside the metropolitan area, a trend noted in the leasing patterns of quality apartment developments built during the 1960's. Included among these smaller household groups are single persons, childless

young and middle age households, and "empty-nester" families who prefer the convenience and urbanity of in-town living.

Mobility Patterns

Unfortunately, current census data are not available to trace mobility patterns within the City of Boston; however, the 1960 census data, combined with tenant surveys in quality high-rise apartment buildings in Boston are indicative of current patterns.

Intra-city mobility accounted for nearly two-thirds of all household relocations in Boston during the late 1950's. Movement from outside of the metropolitan area accounted for slightly over one-quarter of all household relocations within the city, with the remaining mobility attributable to households moving to Boston from suburban locations.

Table II-7.

MOBILITY PATTERNS
CITY OF BOSTON
1960

ESTIMATED DISTRIBUTION OF HOUSEHOLDS RELOCATING IN BOSTON
BY PLACE OF FORMER RESIDENCE

<u>Former Residence</u>	<u>Percent Distribution</u>
<u>Metropolitan Area</u>	
City of Boston	66.0%
Balance of Suffolk County	0.5%
Essex County	0.4%
Middlesex County	4.0%
Norfolk County	2.4%
Plymouth County	1.0%
Metropolitan Subtotal	74.3%
Outside Metropolitan Area	25.7%
Total	100.0%

Sources: U.S. Census.
Gladstone Associates.

In terms of occupations, persons in professional, technical, or managerial positions accounted for: more than 15 percent of the intra-Boston movement; more than 25 percent of the suburban households moving to Boston; and 40 percent of the movement of households locating from outside the Boston metropolitan area.

Table II-8. ESTIMATED HOUSEHOLD MOBILITY BY OCCUPATION
CITY OF BOSTON
1960

HOUSEHOLDS RELOCATION IN BOSTON BY OCCUPATION

	<u>Distribution by Place of Former Residence</u>		
	<u>Within City</u>	<u>Boston Suburbs</u>	<u>Outside of Metropolitan Area</u>
Professional and Technical	9.2%	18.0%	30.7%
Managers, Officers and Proprietors.	6.6%	9.5%	9.3%
Clerical Workers	11.8%	11.8%	11.0%
Sales Workers	6.8%	8.1%	7.7%
Service Workers	12.7%	8.9%	9.7%
Other ^{1/}	<u>52.9%</u>	<u>43.7%</u>	<u>31.6%</u>
Total	100.0%	100.0%	100.0%

^{1/} Includes: Craftsmen, Foremen, Laborers, etc.

Source: U.S. Census Data.

Recent surveys of quality high-rise apartment buildings in Boston show that more than 60 percent of the new tenants are new residents in the city, with nearly 35 percent being former suburban residents who have opted for in-town living and more than 25 percent coming from outside the Boston metropolitan area. Approximately 40 percent of the new tenants are re-locates from other housing in Boston.

Table 11-9

LOCATION OF FORMER RESIDENCE OF TENANTS IN
SELECTED HIGH-RISE QUALITY APARTMENTS
CITY OF BOSTON

<u>Location Of Former Residence</u>	<u>Percent Distribution</u> ^{1/}
City of Boston	38.8%
Suburban Boston	34.4%
Outside SMSA	26.8%
Total	100.0%

^{1/} Based on survey of tenants in Charles River Park, Prudential Towers, and Harbor Towers.

Sources: The Prudential Towers and Charles River Park Apartments: The Effect of High Rise on Boston's Population, BRA, July, 1970; Gladstone Associates.

These mobility profiles substantiate a continued trend of small family in-migration to the city of Boston, together with a substantial amount of intra-city movement by households already residing in Boston.

Household Income Trends

Residents of Boston made substantial income gains in the 1960's, with the number of households earning more than \$10,000 annually increasing from nearly 15 percent in 1960 to more than 40 percent in 1970. The greatest gains during the period were made by families in the \$10,000 to \$15,000 income category.

Table 11-10

HOUSEHOLD INCOME TRENDS
CITY OF BOSTON
1960 - 1980

<u>Income Category in Current Dollars</u> ^{1/}	<u>1960</u>		<u>1970</u>		<u>1975</u>		<u>1980</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under \$ 3,000	65,610	29.2%	35,470	16.3%	26,290	12.1%	20,180	9.3%
\$ 3,000 - \$ 4,000	24,650	10.9%	11,750	5.4%	8,890	4.1%	7,730	3.6%
\$ 4,000 - \$ 5,000	25,620	11.4%	11,320	5.2%	8,690	4.0%	7,450	3.4%
\$ 5,000 - \$ 6,000	26,070	11.6%	12,400	5.7%	8,530	3.9%	6,890	3.2%
\$ 6,000 - \$ 7,000	20,450	9.1%	14,150	6.5%	8,490	3.9%	6,750	3.1%
\$ 7,000 - \$ 8,000	17,550	7.8%	14,800	6.8%	9,560	4.4%	6,620	3.1%
\$ 8,000 - \$ 9,000	9,600	4.3%	29,160	13.4%	21,300	9.8%	13,240	6.1%
\$10,000 - \$15,000	21,040	8.6%	47,660	21.9%	47,370	21.8%	41,230	19.0%
\$15,000 - \$20,000	7,580	3.1%	20,690	9.6%	32,600	15.0%	35,150	16.2%
\$20,000 - \$25,000	1,940	0.8%	8,270	3.8%	16,950	7.8%	25,170	11.6%
More than \$25,000	4,720	2.1%	11,730	5.4%	28,580	13.2%	46,590	21.4%
Total	224,700	100.0%	217,600	100.0%	217,300	100.0%	217,000	100.0%
Median Household Income:	\$ 4,870		\$ 8,610		\$11,480		\$15,055	

^{1/} 1975 and 1980 forecasts assume a 3.5 percent average annual inflationary factor.

Source: U.S. Census, Office of Business Economics, Gladstone Associates.

Between 1960 and 1970, the median income of Boston households increased by nearly 80 percent to \$8,610 in 1970. This gain includes both real and inflationary income increases during the period. These strong economic gains are expected to continue through 1980, with nearly 66,000 additional households earning more than \$15,000 by the end of the decade.

Table II-11 UPPER INCOME FAMILY TRENDS BOSTON
1970 - 1980

	City of Boston			
	Number of Household			Average Annual
	1970	1975	1980	Change 1970-1980
\$15,000 - \$20,000	20,890	32,600	35,150	1,420
\$20,000 - \$25,000	8,270	16,950	25,170	1,690
More Than \$25,000	<u>11,730</u>	<u>28,580</u>	<u>46,590</u>	<u>3,490</u>
Total More than \$15,000	40,890	78,130	106,910	6,600

1/ 1975 and 1980 forecasts assume a 3.5 percent average annual inflation factor.

Sources: U. S. Census, Office of Business Economics.
 Gladstone Associates.

During the 1970 to 1975 period, major increases will be concentrated in the \$15,000 to \$20,000 and more than \$25,000 income categories and, during the latter half of the decade, we anticipate significant income growth among persons in the more than \$25,000 income category. These anticipated income gains suggest a strong demand for quality housing in Boston during the 1970's as more households will be able to afford newer, quality apartments.

Employment Trends

During the 1960's employment in metropolitan Boston increased by nearly one quarter of a million persons. Substantial gains were registered in the services, trade and government employment sectors.

During the 1970's we anticipate a continuation of strong economic growth in metropolitan Boston with major employment increases expected in the services, trade, government, and finance, insurance, and real estate sectors of the economy. With the exception of wholesale and retail trade, the major growth sectors are predominately office using types of employment which frequently seek in-town locations. Thus, the employment forecasts bode well for the Boston office market, and indirectly, for the city's quality housing market, since middle and upper income white collar workers comprise a significant share of the office using employment.

Table 11-12 EMPLOYMENT TRENDS
METROPOLITAN BOSTON
1960 TO 1980

<u>Employment Category</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>Average Annual Change</u>			
				<u>1960-1970</u>		<u>1970-1980</u>	
				<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Contract Construction	46,800	56,000	74,000	920	2%	1,800	3.2%
Manufacturing	303,800	295,000	298,000	- 900	-0.28%	300	0.1%
Wholesale-Retail Trade	240,900	297,000	367,000	5,610	2.3 %	7,000	2.3%
Transportation, Communication and Utilities	68,000	69,000	7,000	100	0.1 %	100	0.1%
Finance, Insurance and Real Estate	75,500	93,000	133,000	1,950	2.7 %	4,000	4.3%
Government	140,600	173,000	218,000	4,700	2.7 %	4,000	2.2%
Services & Miscellaneous	<u>201,200</u>	<u>325,000</u>	<u>470,000</u>	<u>12,380</u>	<u>6.2 %</u>	<u>14,500</u>	<u>4.5%</u>
Total	1,074,700	1,313,000	1,630,000	23,830	2.2 %	31,700	2.4%

Source: U. S. Census; Gladstone Associates.

SECTION III.

MULTI-FAMILY HOUSING OPPORTUNITIES

Section III. MULTI-FAMILY HOUSING OPPORTUNITIES

In this section of the report, the housing experience of the 1960's in the Boston-Brookline core is examined and housing demand during the 1970's projected. Specific focus is given to the quality rental apartment development which took place in the core area during the past ten years with an analysis of competitive apartment developments, their experience and tenant characteristics.

Past Experience

The 1960's saw the housing stock in the Boston-Brookline core area decline by nearly 2,700 dwelling units as the gains experienced in Brookline were insufficient to offset 6,350 unit housing loss experienced by the City of Boston.

A total of 17,700 additional units were constructed during the 1960's in the core area with more than 75 percent of this activity occurring within Boston. Approximately 36 percent of the additional units in the core area were attributable to the conversion of existing units in the multi-family housing. Boston, in particular, experienced significant levels of conversion during the decade.

Table III-1.

HOUSING TRENDS
IN BOSTON AND BROOKLINE CORE AREA
1960 TO 1970

	<u>Boston</u>	<u>Brookline</u>	<u>Core Total</u>
<u>Housing Stock, 1960</u>	238,602	19,646	258,448
<u>Stock Changes</u>			
New Construction	8,371	2,915	11,286
Net Conversions & Mergers	<u>5,040</u>	<u>1,381</u>	<u>6,421</u>
Subtotal, Additional Units	13,411	4,296	17,707
Demolition	<u>-19,766</u>	<u>- 619</u>	<u>-20,294</u>
Net Change	<u>- 6,354</u>	<u>3,677</u>	<u>- 2,677</u>
Housing Stock, 1970	232,448	23,323	255,771

Source: U.S. Census, Local Jurisdictions, and Gladstone Associates.

Demolition, due to public action and natural causes accounted for the loss of 20,300 housing units in the core area. Nearly all of the demolitions, almost 19,800 units, occurred in Boston reflecting an extensive public development activities during the 1960's. As major urban renewal in residential areas declines, it is expected that the level of demolition will be reduced from the 7.8 percent experienced during the 1960 to 1970 period to a more normal level of approximately five percent during the ensuing decade.

Quality Rental Apartments

Quality multi-family housing in new construction accounted for 30 percent of the total additional housing units added during the 1960's. In Boston, quality multi-family apartment construction represented 34 percent of all additional housing and more than 54 percent of all new construction during the decade of the 1960's.

Table III-2

QUALITY MULTI-FAMILY HOUSING TRENDS IN THE CORE AREA 1960 TO 1970

	Additional Housing Units		New Quality Multi-Family Housing Units	Quality Rental Housing as a percent of	
	New Construction	Total Units		New Construction	Total Units
Boston	8371	13,411	4,546	54%	34%
Brookline	<u>2915</u>	<u>4,296</u>	<u>740</u>	<u>25%</u>	<u>17%</u>
Core Area Total	11,286	17,707	5,286	47%	30%

Source: U.S. Census, Local Jurisdictions, Gladstone Associates.

—

The high proportion of quality multi-family construction during the 1960's reflected a housing market response to demand created by two previously identified components -- an in-migration of upper income households to the city and a continuing increase in the income levels among city residents resulting in the filtering up of housing demand in terms of quality and price. These trends are expected to continue through the decade of the 1970's.

Future Core Area Demand

Total housing demand for the Boston-Brookline core area is estimated at 16,300 units between 1970 and 1980, exclusive of the demand for subsidized housing to replace existing substandard and overcrowded structures. Included in this estimate of housing demand are dwelling units to meet the requirements of net household increase, replacement housing for estimated demolition, and an allowance for normal vacancy levels among new construction. The total ten-year requirement for additional housing units within the core area is somewhat less than the actual levels of housing development during the 1960's owing to an anticipated decline in the level of demolition.

Table III-3

ESTIMATED HOUSING DEMAND
BOSTON-BROOKLINE CORE AREA, 1970 to 1980

<u>Demand Component</u>	<u>Housing Requirements</u>
Net Household Increase ^{1/}	2,680 Units
Replacement for Demolition ^{2/}	12,800 Units
Adjustment for Vacancy ^{3/}	<u>820 Units</u>
<u>Net Additional Housing Demand</u>	<u>16,300 Units</u>

^{1/} From estimate of core area households 1970 and 1980.

^{2/} Assumes a five percent level of demolition of existing stock.

^{3/} Assumes a normalized average vacancy of five percent among new construction.

Quality Apartment Potentials

Despite a modest decline in the total demand for additional housing, the Boston-Brookline core area will see a significant increase in the demand for quality multi-family apartments due to the continuing increase in income levels of Boston residents and a net immigration of upper income households to the city.

The increase in income levels of Boston residents is expected to be substantial with nearly 35 percent of the City's households earning more than \$15,000 in 1975, and slightly under 50 percent earning that amount by 1980. An important component of the anticipated economic gain among Boston

households will be the continued in-migration of upper income households from suburban areas and outside the metropolitan area.

We estimate a ten-year potential demand for 8,900 quality, multi-family apartments in the core area. This estimate, Table III-4, is based upon an increase in the share of quality apartments proportional to the projected increase in the number of upper income families in the area.

Table III-4 ESTIMATED DEMAND FOR QUALITY RENTAL APARTMENTS
 IN THE BOSTON-BROOKLINE CORE AREA
 1960 to 1980

	<u>1960 to 1970</u> <u>Actual Construction</u>	<u>1970 to 1980</u> <u>Estimated</u>
Demand for Additional Housing	17,707	16,300
Quality Multi-family Units	5,286	8,900
Percent Quality to Total Units	29.8%	54.6%

The potential demand for quality rental apartments in the core area during the 1970's has been allocated among jurisdictions in accordance with the distribution of the demand evidenced during the preceeding ten-year period. Thus, we expect the demand for 7,650 quality apartments

in Boston during the decade of the 1970's, representing fully a 60 percent increase in demand over the past decade.

Table III-5

ESTIMATED DISTRIBUTION OF DEMAND
FOR QUALITY RENTAL APARTMENTS
IN BOSTON-BROOKLINE CORE AREA
1970 to 1980

	<u>1960 to 1970^{1/}</u>		<u>1970 to 1980^{2/}</u>	
	<u>Units</u>	<u>Percent</u>	<u>Units</u>	<u>Percent</u>
Boston	4,750	86.0%	7,650	86.0%
Brookline	<u>770</u>	<u>14.0%</u>	<u>1,250</u>	<u>14.0%</u>
Total Core Area	5,520	100.0%	8,900	100.0%

^{1/} Estimated at actual absorption plus normalized vacancy allowance.

^{2/} Derived from estimate of total housing demand 1970-1980, estimated income changes, and 1960's experience.

Source: Gladstone Associates.

Turn-Over Demand

In addition to the demand specified in the preceding table, a second component of demand must be examined. This consists of the turn-over demand among upper income families who move from existing units to different housing within the city. While this demand technically does not add to the housing requirements for a market area -- since a unit is vacated each time a household shifts its residence -- turnover demand does increase the potential number of households seeking housing at any point in time, and, thus, adds to the potential leasing market.

Using the mid-point of the decade, 1975, as a prototypical year we have estimated average annual turnover demand among upper-income households based upon a projection of household income and income-specific intra-city mobility rates determined from census data. From this analysis we find an average annual intra-city turnover demand of approximately 2,180 units among upper-income households earning more than \$20,000 annually.

Table III-6

ESTIMATED TURN-OVER DEMAND
AMONG UPPER-INCOME HOUSEHOLDS
BOSTON, 1975

<u>Household</u> <u>Income Category</u> ^{1/}	<u>Number of</u> <u>Households</u>	<u>Income Specific</u> <u>Mobility</u> ^{2/}	<u>Average Annual</u> <u>Turn-over</u>
\$20,000 to \$25,000	16,950	5.7%	965
Above \$25,000	<u>28,580</u>	3.9%	<u>1,115</u>
Total	45,530		2,080

^{1/} In 1975 current dollars, assuming an inflationary factor of 3.5 percent.

^{2/} Percent of households within income category moving to different housing within the city.

Source: U.S. Census, Gladstone Associates.

Total Market Potentials

Because turnover demand increases the potential market for new quality housing, it has been combined with the demand for new and replacement housing to estimate the total potentials market for quality

rental housing in Boston. As evidenced in Table III-7, the average annual potential market for quality rental apartments in Boston is estimated at 2,550 units, with 30 percent of this demand arising from the requirements for new and replacement housing.

Table III-7. ESTIMATED AVERAGE ANNUAL POTENTIAL
 QUALITY RENTAL MARKET
 1970 to 1980

Market Component

Additional Demand	765 units
Turn-over Demand	<u>1,785 units</u> ^{1/}
Total Potential Market	2,550 units

^{1/} Assumes 85 percent of turn-over demand seeks new rental housing as evidenced by historical experience.

Source: Gladstone Associates.

COMPETITIVE APARTMENT DEVELOPMENTS

As noted previously, nearly 5,300 new quality apartment units were developed in the Boston-Brookline area during the past decade with more than 85 percent of this development taking place within the City of Boston. These quality units have been readily absorbed by the market and presently have only a frictional vacancy of less than one

percent. This abnormally low vacancy level is indicative of the strong demand for quality apartment development in the core area and particularly in the City of Boston.

Table III-8. QUALITY APARTMENT VACANCY LEVELS
BOSTON-BROOKLINE CORE AREA
1971

	<u>Quality Rental Units</u>		<u>Vacancy Levels</u>	
	<u>Number Of</u> <u>Developments</u>	<u>Number</u> <u>Of Units</u>	<u>Number</u> <u>Of Units</u>	<u>Percent</u> <u>Vacant</u>
Boston	17	4,546	34	0.7%
Brookline	<u>10</u>	<u>740</u>	<u>8</u>	<u>1.0%</u>
Total	27	5,286	42	0.8%

Source: Gladstone Associates.

A second indicator of strong demand for quality rental apartments in the core area is the initial leasing pace experienced by new developments. An examination of the annualized absorption pace for selected quality apartments, Table III-9, shows absorption paces to range from 210 to 470 units per year, centering at approximately 320 units. The latest market entry, Harbour Towers, is currently leasing at an annualized pace of 300 units per year during its initial construction period.

Table III-9.

RENT-UP PACE IN
SELECTED QUALITY APARTMENTS
BOSTON-BROOKLINE CORE AREA
1960 TO 1970

<u>Development Name</u>	<u>Date Leasing Began</u>	<u>Estimated Time to Reach 90 Percent Occupancy</u>	<u>Annualized Absorption Pace</u>
Charles River Park	1966 (III)	24 Months	210
Tremont-On-The-Common	1967	18 Months	225
Prudential Towers	1967 (I, II)	15 Months	385
	1968 (III)	8 Months	325
Brookhouse	1968 (I, II)	13 Months	470
Harbor Towers	1971	NA	300

Source: Gladstone Associates.

Rent increases in quality apartment buildings underscore market potentials in the core area. During the past three years, typical apartment rents have increased from four to ten percent on an average annual basis, with annual rent increases centering on approximately eight percent. For the selected buildings noted in Table III-10, prices of two bedroom apartments have increased from \$13 to \$31 per year. The combination of high occupancy levels during a period of significant rent increases demonstrates the strong demand for quality apartments in Boston.

Table III-10.

PRICE TRENDS IN SELECTED QUALITY APARTMENTS
BOSTON-BROOKLINE CORE AREA
1968 to 1970

<u>Development</u>	<u>Average Unit Rent^{1/}</u>			<u>Average Annual Increase in Current Dollars</u>	
	<u>1968</u>	<u>1969</u>	<u>1971</u>	<u>Amount</u>	<u>Percent</u>
Prudential Towers	\$ 354	\$ 390	\$ 435	27	7.6% ^{2/}
Charles River Park	\$ 327	\$ 350	\$ 365	13	3.9% ^{2/}
Tremont-on-the Common	\$ 380	\$ 360	\$ 418	29 ^{3/}	8.1% ^{3/}
The Brook House	\$ -	\$ 303	\$ 365	31	10.0% ^{3/}

1/ Based upon typical price of two bedroom units.

2/ Based on 1968-1971 change.

3/ Based on 1969-1971 change.

Source: Gladstone Associates.

Apartment Survey

In the course of this analysis we surveyed 18 quality apartment developments containing more than 5,900 units in the Boston-Brookline core area. A detailed analysis of these projects appears at the end of this section. This analysis sets forth for each project the unit mix, vacancy, unit sizes, rent levels, apartment features, and specific comments concerning the individual developments.

Rent Levels

The average unit rents in the projects surveyed are set forth in Table III-11. Although the rents range widely by unit type, they tend to center at \$200 for an efficiency, \$275 for a one bedroom, \$415 for a two bedroom, and \$530 for a three bedroom apartment. The average prices for the highest priced units are \$310 for efficiency, \$385 for a one bedroom, \$498 for a two bedroom, and \$685 for a three bedroom apartment.

Table III-11.

AVERAGE UNIT RENTS IN
IN SELECTED QUALITY BUILDINGS
BOSTON-BROOKLINE CORE
Summer 1971

<u>Development</u>	<u>Unit Type</u>			
	<u>Efficiency</u>	<u>One Bedroom</u>	<u>Two Bedrooms</u>	<u>Three Bedrooms</u>
<u>Boston</u>				
Harbor Towers	\$295	\$328	\$418	\$563
Charles River Park	\$215	\$300	\$360	\$430+
Bostonview Apartments 1/	\$203	\$258	--	--
Tremont-on-the-Common	\$253	\$338	\$418	\$563
Prudential Towers	\$190	\$200	\$435	\$600
330 Beacon Street	\$215	\$395	\$498	\$685
566 Commonwealth Avenue Apartments	\$200	\$275	\$408	--
Charlesbank	\$115+	\$183	--	--
Back Bay Manor	NA	\$200	\$273	\$315
Jamaica Way Towers	\$220	\$270	\$320	--
63 Atlantic Avenue (Prince Building) 1/	--	\$250	\$450	\$500
<u>Brookline</u>				
Brookhouse	\$185+	\$260	\$360	\$448
50/60 Longwood Avenue	\$290	\$320	\$450	--
The Longwood	\$200	\$300	NA	--
The Peabody	\$185	\$258	\$395	--
1530 Beacon Street	\$310	\$370	\$345	--
1600 Beacon Street	\$165	\$210+	\$333	--
101 Monmouth Street	\$190	\$280	\$425	--
Range:	\$115 to \$310	\$183 to \$385	\$273 to \$498	\$315 to \$685
Median	\$200	\$275	\$415	\$530

1/ Converted to quality apartments.

NA: Not Available

Source: Gladstone Associates.

When the factor of unit size is applied and rent measured on a square foot basis, the rent range is narrowed appreciably and clustering becomes more evident. As seen in Table III-2, the higher price efficiency units tended to cluster in the \$.45 to \$.49 per square foot price range while the upper clustering of one bedroom apartments is in the \$.39 to \$.40 range. Prices for two bedroom units tend to be in the neighborhood of \$.36 per square foot, with a few in the low \$.40's. Because of the small number of developments offering three bedroom apartments, little price clustering is evident with rent median at \$.34 per square foot.

Table III-12.

AVERAGE PER SQUARE FOOT RENT IN
SELECTED LUXURY BUILDINGS
BOSTON-BROOKLINE CORE AREA
Summer 1971

Development	Unit Type			
	Efficiency	One Bedroom	Two Bedrooms	Three Bedrooms
<u>Boston</u>				
Harbor Towers	\$.39	\$.40	\$.35	\$.35
Charles River Park	\$.39	\$.39	\$.29	\$.31
Bostonview Apartments ^{1/}	\$.45	\$.39	--	--
Tremont-On-The-Common	\$.45	\$.46	\$.36	\$.47
Prudential Towers	\$.41	\$.34	\$.33	\$.31
330 Beacon Street	NA	\$.39	\$.40	\$.39
566 Commonwealth Avenue Apartments	\$.34	\$.32	\$.36	--
Charlesbank	\$.24	\$.25	--	--
Jamaica Way Towers	\$.49	\$.32	\$.29	--
<u>Brookline</u>				
Brookhouse	\$.39+	\$.35	\$.35	\$.33
50/60 Longwood Avenue	\$.38	\$.29	\$.34	--
The Peabody	\$.39	\$.37	\$.42	--
1530 Beacon Street	NA	\$.37	\$.33	--
101 Monmouth Street	\$.38	\$.35	\$.41	--
Range:	\$.24-.49	\$.25-.46	\$.29-.42	\$.31-.47
Median:	\$.40	\$.36	\$.35	\$.34

^{1/} Converted to quality apartments.

NA: Not Available

Source: Gladstone Associates.

Apartment Sizes

The size of the average efficiency, one, two, and three bedroom apartments in the quality buildings surveyed in the core area is presented in Table III-13. This range of unit sizes, when coupled with the per square foot rents, results in the wide range of monthly unit rents noted earlier.

As evidenced by Table III-13, the median size for quality apartments in the Boston-Brookline core area is 500, 850, 1,200, and 1,500 square feet for efficiency, one, two, and three bedroom units respectively.

Table III-13.

AVERAGE UNIT SIZE IN
SELECTED QUALITY BUILDINGS
BOSTON-BROOKLINE CORE AREA

<u>Development</u>	<u>Unit Type</u>			
	<u>Efficiency</u> <u>Net Sq.Ft.</u>	<u>One</u> <u>Bedroom</u> <u>Net Sq.Ft.</u>	<u>Two</u> <u>Bedrooms</u> <u>Net Sq.Ft.</u>	<u>Three</u> <u>Bedrooms</u> <u>Net Sq.Ft.</u>
<u>Boston</u>				
Harbor Towers	760 s.f.	820 s.f.	1,220 s.f.	1,640 s.f.
Charles River Park	560 s.f.	760 s.f.	1,260 s.f.	1,380 s.f.
Bostonview Apartments ^{1/}	450 s.f.	670 s.f.	-----	-----
Tremont-On-The-Common	570 s.f.	730 s.f.	1,165 s.f.	1,210 s.f.
Prudential Towers	500 s.f.	740 s.f.	1,305 s.f.	1,930 s.f.
330 Beacon Street	NA	1,000 s.f.	1,250 s.f.	1,750 s.f.
566 Commonwealth Ave. Apartments	590 s.f.	850 s.f.	1,150 s.f.	-----
Charlesbank	600 s.f.	730 s.f.	-----	-----
Jamaica Way Towers	450 s.f.	850 s.f.	1,100 s.f.	-----
<u>Brookline</u>				
Brookhouse	490 s.f.	760 s.f.	1,050 s.f.	1,350 s.f.
50/60 Longwood Avenue	500 s.f.	1,050 s.f.	1,200 s.f.	-----
The Peabody	490 s.f.	695 s.f.	950 s.f.	-----
1530 Beacon Street	NA	1,000 s.f.	1,150 s.f.	-----
101 Monmouth Street	500 s.f.	850 s.f.	1,050 s.f.	-----
Range:	450-760 s.f.	695-1,050 s.f.	950-1,260 s.f.	1,350-1,930 s.f.
Median:	500 s.f.	850 s.f.	1,200 s.f.	1,500 s.f.

^{1/} Converted to quality apartments.
NA: Not Available

Source: Gladstone Associates.

Unit Mix

In terms of unit mix, quality rental apartments in the Boston-Brookline core area emphasize smaller units, with 65 to 75 percent of the apartments in efficiency or one-bedroom units. Approximately one quarter of the quality rental apartments in the Boston-Brookline area are two-bedroom units, and three-bedroom apartments make up less than seven percent of the quality, multi-family housing stock.

Table III-14.

UNIT MIX IN SELECTED QUALITY RENTAL APARTMENTS
BOSTON-BROOKLINE CORE AREA

Building/Location	Efficiency		One Bedroom		Two Bedrooms		Three Bedrooms		Penthouse/Other	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Boston										
Harbor Towers	--	--	312	50.0%	156	25.0%	156	25.0%	--	--
Charles River Park	425	30.0%	550	39.0%	350	25.0%	66	5.0%	18	1.0%
Bostonview Apartments I/	16	11.0%	130	89.0%	--	--	--	--	--	--
Tremont-On-The-Common	160	44.0%	120	33.0%	60	17.0%	20	6.0%	--	--
Prudential Towers	148	19.0%	359	45.0%	240	31.0%	29	4.0%	9	1.0%
330 Beacon Street	5	6.0%	23	29.0%	23	35.0%	18	23.0%	6	7.0%
556 Commonwealth Avenue	11	10.0%	66	60.0%	33	30.0%	--	--	--	--
Charlesbank	185	67.0%	91	33.0%	--	--	--	--	--	--
Jamaica Way Towers I/	34	12.0%	135	47.0%	117	41.0%	--	--	--	--
63 Atlantic Avenue I/	2	5.0%	20	47.5%	20	47.5%	--	--	--	--
Total	986	24.0%	1,806	43.9%	1,004	24.3%	289	7.0%	33	0.8%
Brookline										
Brookline	145	19.0%	395	52.0%	168	22.0%	41	5.0%	12	2.0%
50160 Longwood Avenue	7	4.0%	98	54.0%	64	37.0%	--	--	3	5.0%
The Peabody	7	10.0%	52	72.0%	10	14.0%	--	--	--	--
1500 Beacon Street	1	1.0%	53	46.0%	57	50.0%	--	--	4	3.0%
Total	160	14.2%	599	53.3%	299	26.6%	41	3.7%	24	2.1%

I/ Converted to luxury units.

NA: Not Available

Source: Gladstone Associates.

TENANT CHARACTERISTICS

The salient characteristics of tenants in selected high-rise quality apartment buildings in Boston have been identified as a guide to establishing market parameters and marketing strategy.

As noted earlier, the majority of the residents in quality apartment buildings in Boston come from upper income categories, with 64 percent of the residents in a sample group of buildings earning more than \$15,000.

Table III-15. HOUSEHOLD INCOME DISTRIBUTION OF RESIDENTS IN
SELECTED HIGH-RISE QUALITY APARTMENTS
CITY OF BOSTON

<u>Income Class in 1970 Dollars</u>	<u>Percent Distribution^{1/}</u>
Under \$10,000	14.1%
\$10,000 - \$15,000	21.9%
\$15,000 - \$20,000	20.0%
Over \$20,000	<u>44.0%</u>
Total	100.0%
Median Income:	\$18,500

^{1/} Based on survey of tenants in Charles River Park, Prudential Towers, and Harbor Towers.

Sources: The Prudential Towers and Charles River Park Apartments: The Effect of High Rise on Boston's Population, BRA, July, 1970; Gladstone Associates.

In general, tenants in quality high-rise buildings in Boston spend a larger than normal share of their income for housing. As seen in Table III-16, the average percentage of income spent on rent is approximately 21 percent for the high-rise buildings surveyed, a figure three to five percent higher than a housing market norm for this income class. Thus, the higher priced quality apartments in Boston are able to appeal to a relatively wide spectrum of demand.

Table III-16

RENT/INCOME RATIO OF TENANTS IN
SELECTED HIGH-RISE QUALITY APARTMENTS
CITY OF BOSTON

<u>Project</u>	<u>Median Rent</u>	<u>Median Income</u>	<u>Median Rent As a Percent of Median Income</u>
Harbor Towers	\$370	\$19,750	22%
Charles River	\$300	\$17,380	21%
Prudential Towers	\$305	\$19,333	19%
Average	\$325	\$18,821	21%

Source: Gladstone Associates.

A survey of Charles River Park and the Prudential Towers indicates similar income profiles for tenants who moved from other housing in the city, suburban areas, and from outside the metropolitan area. Interestingly, upper income households who formerly lived in suburban Boston alone account for nearly 20 percent of the tenancy in the buildings surveyed.

Table III-17. INCOME DISTRIBUTION BY FORMER RESIDENCE OF TENANT
SELECTED HIGH-RISE QUALITY APARTMENTS
CITY OF BOSTON

<u>Income Group</u>	<u>Place of Former Residence^{1/}</u>			<u>Total</u>
	<u>City Of Boston</u>	<u>Suburban Boston</u>	<u>Outside SMSA</u>	
Under \$10,000	6.3%	6.3%	4.1%	16.7%
\$10,000-\$15,000	10.0%	6.7%	6.9%	23.6%
\$15,000-\$20,000	6.2%	5.4%	7.5%	19.1%
Over \$20,000	<u>12.5%</u>	<u>14.4%</u>	<u>13.4%</u>	<u>40.3%</u>
Total	35.0%	32.8%	31.9%	100.0% ^{2/}

1/ Includes Charles River Park and Prudential Towers only.

2/ Figures may not total due to rounding.

Source: The Prudential Towers and Charles River Park Apartments:
The Effect of High Rise on Boston's Population, BRA, July,
1970.

An examination of the age distribution of tenants in selected high-rise quality apartment buildings, including Harbour Towers, shows the majority of tenants to be in the 30 to 60 year old group, moreover, an estimated 45 percent of the tenants in the developments surveyed were both new residents to the city -- coming from suburban Boston or outside of the metropolitan area -- and in the over 30 age category. This is significant since it is counter to the city-wide trend, and demonstrates the potential attractiveness of quality rental units for small households and "empty-nester" families who do not presently live in the city.

Table III-18. AGE DISTRIBUTION OF RESIDENTS
LIVING IN HIGH-RISE QUALITY APARTMENTS
CITY OF BOSTON

<u>Age Group</u>	<u>Percent Distribution</u> ^{1/}
Under 18	3%
18-30	22%
30-60	58%
Over 60	<u>17%</u>
Total	100%

^{1/} Includes Charles River Park, Prudential Towers, and Harbor Towers.

Sources: The Prudential Towers and Charles River Park Apartments; The Effect of High Rise on Boston's Population, BRA July, 1970; Gladstone Associates.

Parking
 Pool
 Balcony/Pa
 Laundry
 Dishwasher
 Disposal
 Carpet
 V/C

Comments

Utilities
 Included
 Heat Elec.

Unit Size
 (Sq. Ft.)
 Rent Per
 Sq. Ft.

Vacancy
 Number
 Percent

Unit Mix
 Type
 Number
 Percent

Date
 Opened

Project Name/Location

BOSTON

Horton Towers Boston Waterfront	Sept. 1971	1BR	156	25%	UC	UC	760	\$.36-.42	X	X	X	X	2-40 story buildings; 312 units per bldg; 8 units per floor; \$15 in- crease every 3rd floor; 96 slip marina; optional health club membership; tennis, indoor pool, sa- una, steam bath; out- door pool; \$125/\$150/ \$175 per season; con- venience stores; pkg; \$40-\$50/mo.; leased by June, 1971; 125 units leased prior to opening of model apartments; 25 units/mo. leased in May to June.
		1BR(LG)	156	25%	UC	UC	820	\$.35-.49					
		2BR, 1 1/2B	156	25%	UC	UC	1,220	\$.31-.44					
		2BR, 2B(LG)	156	25%	UC	UC	1,640	\$.32-.37					
		(See) Total	624	100%									

Charles River Park Boston - West End	1961 1964 1965	Eff.	425	30%	1	0%	560	\$.35-.42	X	X	X	X	6 bldg. complex; plan 2-35 story towers (700 units) - Fall, 1971; rent increases with height; pool fee: \$25/ couple/season; tennis: \$60/season; greatest demand for efficiencies; outdoor pkg; \$30/mo; garage pkg; \$40/mo.
		1BR	550	39%	5	1%	780	\$.34-.43					
		2BR	350	25%	4	1%	1,260	\$.25-.32					
		3BR 3BR TH	66 18	5% 1%	4 1	6% 6%	1,380 NA	\$.31+ NA					
		Total	1,409	100%	15	1%	1/						
Bostonview Apts. Boston - Beacon Hill	1957 (Conv)	Eff.	16	11%	0	0%	450	\$.41-.49	X	X	X	X	Converted from a hotel; pkg; \$45/mo; sundeck on roof.
		1BR	132	89%	1	1%	570-770	\$.38-.39					
		Total	146	100%	1	1%							

1/ yearly occupancy level is approximately 95%.

NA: Not Available.

UC: Under Construction.

TH: Townhouse

Source: Gladstone Associates field survey

Disposal
IDishwasher
Laundry
Patio/Pool
Parking

Comments

Utilities
Included
Heat Elec.

Rent Per
Sq. Ft.

Unit Size
(Sq. Ft.)

Vacancy
Number Percent

Rent

Unit Mix
Type Number Percent

Date
Opened

Project Name/Location

Boston Cont'd

565 Commonwealth Avenue Bldg. Boston - Kenmore Sq.	1966	Eff. 1BR 2BR	11 66 33	10% 60% 30%	\$200 \$275 \$375- \$440	0 0 1	0% 0% 3%	590 850 1,150	\$.34 \$.32 \$.33-.38	X	X	X	X	X	X	Rent increases with height; rents to be raised this summer; tenants mostly S.U. students; pkg: \$40/mo.
Total			110	100%		1	1%									
Charlesbank Boston - Huntington Ave.	1963	Eff. 1BR	185 91	67% 33%	\$115+ \$150- \$215	0 0	0% 0%	600 730	\$.19-.28 \$.21-.29	X	X	X	X	X	X	Well managed and main- tained; long waiting list; no advertising in 7 yrs.; very low turn- over; pkg: \$20/mo.
Total			276	100%		0	0%									
Back Bay Manor Boston - Huntington Ave.	NA	1BR 2BR 3BR	NA NA NA	NA NA NA	\$200 \$240- \$325 \$295- \$335	0 0 0	0% 0% 0%	NA NA NA	NA NA NA	X X	X	X	X	X	X	Most tenants work in medical complex; pool: \$65/season.
Total			290	100%		0	0%									
Jamaica Way Towers Boston - Jamaica Plain	1967- 1968	Eff. 1BR 2BR	34 135 117	12% 47% 41%	\$220 \$270 \$320	0 0 0	0% 0% 0%	450 850 1,100	\$.49 \$.32 \$.29	X	X	X	X	X	X	100% occupancy since opening; waiting list; pkg: \$30/mo.
Total			286			0										
63 Atlantic Avenue (Prince Bldg.) Boston - Waterfront	1967 (Conv.)	1BR 2BR 3BR	2 (40)	5% (95%)	\$250 \$450 \$500	0 4 0	0% NA 0%	NA NA NA	NA NA NA	X	X	X	X	X	X	Converted factory build- ing; 7-story bldg; pkg: \$35/mo.
Total			42	100%		4	10%									

NA: Not Available.
UP: Under Construction.
F: Fourplex.

Source: Gladdstone Associates field survey

Project Name/Location	Date Opened	Unit Mix		Rent	Vacancy		Unit Size (Sq. Ft.)	Rent Per Sq. Ft.	Utilities Included		A/C	Carpet	Disposal	Dishwasher	Laundry	Balcony/Pa	Pool	Parking	Comments
		Type	Number		Percent	Number			Percent	Heat									
EGSTON: Cont'd																			
Trenton on the Common Boston	1966	Eff.	160	44%			540-600	\$.44	X		X	X	X	X	X				Rent increases by height and view; rented-up slowly; 18 mos. to reach 85-92% occupancy; penthouses converted to offices; pkg: \$40/mo; sauna, secretarial ser- vice; security problems
		1BR	120	33%	4	3%	670-790	\$.40-.52											
		2BR	60	17%	2	3%	1,120-1,210	\$.34-.37											
		3BR	20	6%	2	10%	1,210	\$.45-.48											
		Total	360	100%	12	3%													
Prudential Towers Boston - Prudential Center	1967	Eff.	143	19%			340-660	\$.36-.57	X		X	X	X	X					3 bldg. complex; rent increases with height & view; parking: \$50/mo.; waiting list; low turn- over; 2 yr. lease. \$5 increase per floor.
		1BR	359	45%	0	0%	640-840	\$.39-.42											
		2BR,	240	31%	1	0%	1,210-1,400	\$.29-.42											
		2B			0	0%	1,930	\$.31-.36											
		3BR,	23	4%	0	0%	1,660-1,700	\$.45-.47											
		3B			0	0%	1,900-1,960	\$.45-.46											
		2BR,	()	()	0	0%													
		Pent.	(9)	(1%)	0	0%													
		3BR,			1	0%													
		Pent.			0	0%													
235 Beacon Street Boston - Back Bay	1955	Total	765	100%			NA	NA	X		X	X	X	X					3 Yr. lease; waiting list; no recreational facilities; 24 hr. security; pkg: \$55/mo.; 18 stories; unit sizes vary considerably.
		Eff.	5	6%	0	0%	1,000	\$.37-.40											
		1BR	23	29%	0	0%	1,250	\$.38-.42											
		2BR	28	35%	0	0%	1,750	\$.38-.40											
		3BR	18	23%	0	0%	2,300	\$.37-.52											
		Pent- house	5	7%	0	0%													
		Total	80	100%	0	0%													

NA: Not Available.
DC: Under Construction.
T: Townhouse.

Source: Gladstone Associates field survey

NA: Not Available.
 UC: Under Construction.
 PT: Penthouse.
 Source: Gladstone Associates field survey

Project Name/Location	Date Opened	Unit Mix		Rent	Vacancy		Unit Size (Sq. Ft.)	Rent Per Sq. Ft.	Utilities Included	V/C	Carpet	Disposal	Dishwasher	Laundry	Balcony/Patio	Parking	Comments
		Type	Number	Percent	Number	Percent											
50/60 Longwood Ave. Apts. 1969 Brookline		Eff.	7	4%	0	0%	500	\$.38	X	X	X	X	X	X	X		May convert to condominiums; 10 fls. in each wing; 24 hr. security; sauna; pkg: \$30/mo.; older tenants.
		1BR	93	54%	1	1%	1,050	\$.29									
		2BR	64	37%	0	0%	1,200	\$.34									
		Pent-house	8	5%	0	0%	1,650	\$.43									
		Total	177	100%	1	1%											
The Longwood Brookline	NA	Eff.	NA	NA	0	0%	NA	NA	X	X	X	X	X	X	X		9 story bldg; pkg: \$30/mo.; waiting list; most tenants are elderly.
		1BR	NA	NA	0	0%	NA	NA									
		2BR	NA	NA	0	0%	NA	NA									
		Total	93	100%	0	0%											
The Peabody Brookline - Babcock St.	NA	Eff.	7	10%	0	0%	480	\$.39									9-story building; attractive landscaping.
		1BR	52	72%	0	0%	650-740	\$.35-.39									
		2BR	10	14%	0	0%	950	\$.36-.47									
		Pent-house	3	4%	0	0%	NA	NA									
		Total	72	100%	0	0%											
1520 Beacon St. Brookline	1965	Eff.	1	1%	0	0%	NA	NA	X	X	X	X	X	X	X		15-story bldg; rent increases approximately \$10 per floor; rooftop pool; several units not rented due to water leakage problems.
		1BR, 11/2B	53	46%	2	4%	1,000	\$.37									
		2BR, 2B	57	50%	3	5%	1,190	\$.29-.37									
		Pent-house	4	3%	NA	NA	NA	NA									
		Total	115	100%	5	4%											
1600 Beacon St. Brookline	1966	Eff.	NA	NA	0	0%	NA	NA	X	X	X	X	X	X	X		Rooftop pool; long waiting list for efficiencies & 1BR units; 2 available units will be rented from waiting list.
		1BR	NA	NA	0	0%	NA	NA									
		2BR	NA	NA	2	NA	NA	NA									
		Total	125	100%	2												

NA: Not Available.
 UC: Under Construction.
 T: Tenhouse.

Table III-19.

SELECTED QUALITY APARTMENT DEVELOPMENTS
BOSTON CORE AREA
SUMMER 1971

Project Name/Location	Date Opened	Unit Mix		Rent	Vacancy		Unit Size (Sq. Ft.)	Rent Per Sq. Ft.	Utilities Included		Amenities Included							Comments
		Type	Number		Percent	Number			Percent	Heat	Elec.	A/C	Carpet	Disposal	Dishwash	Laundry	Balcony/Patio	
<u>BROOKLINE</u> Cont'd																		
101 Monmouth St. Brookline	Eff.	NA	NA	\$190+	0	0%	500	\$.38	X	X	X	X	X	X	X	X	Waiting list; pkg: \$35/mo.	
	1BR	NA	NA	\$230	0	0%	800-900	\$.35										
	2BR	NA	NA	\$400-	0	0%	1,000-1,100	\$.40-.41										
				\$450														
	Total		152	100%		0	0%											
Brook House Brookline	1962- 1969	Eff.	145	\$135+	0	0%	480	\$.39+	X		X	X	X	X	X	X	4-12 story bldgs; rent up: 520 units/yr; bldgs erected every 6 mos.; pool: \$35/season; tennis courts; 20,000 s.f. of convenience stores, bal- conies can be enclosed for additional space.	
		1BR	396	\$245-	0	0%	760	\$.32-.38										
		2BR	160	\$285	0	0%	1,050	\$.35										
		3BR	41	\$335	0	0%	1,350	\$.32-.34										
		3BR, 31/23, Dplx.	12	\$435- \$480	1	8%	1,900	\$.25-.28										
				\$525														
Total		762	100%		1	0%												

NA: Not Available.

UC: Under Construction.

TH: Townhouse.

Source: Gladstone Associates field survey

SECTION IV.

DEVELOPMENT RECOMMENDATIONS

SECTION IV. DEVELOPMENT RECOMMENDATIONS

This section of the report summarizes the recommended development program for the Park Plaza site. Previously identified market potentials are evaluated in terms of the likely absorption pace at the site and development program recommendations are set forth in terms of unit mix, rent levels, and unit sizes.

Site Potential

The Park Plaza site is expected to draw tenants from the two previously identified sources of demand -- demand for additional quality rental apartments and intra-city mobility. The refined estimates of these markets show approximately 2,550 households on an average annual basis who could afford housing at the Park Plaza site. Competing with Park Plaza for this market will be both the existing quality apartment units and other new developments built during the decade.

Based upon expected market potentials and the experience of quality high rise apartments in Boston, we expect that Park Plaza could capture from 10 to 15 percent of this potential market or from 255 to 380 units annually depending upon the specific market conditions at the time of leasing.

We expect that absorption potential will center on approximately 315 units per year, approximately 12 1/2 percent of the identified market potential. Illustratively, we have expressed this absorption potential in probabalistic terms in Table IV-1.

ESTIMATED AVERAGE ANNUAL DEVELOPMENT POTENTIALS
AND ILLUSTRATIVE PROBABILITY OF ACHIEVEMENT

PARK PLAZA SITE

1970 to 1980

Estimated Average Annual
Quality Apartment Demand
Boston
1970 to 1980

Park Plaza Capture
(Units Per Year)

	<u>5%</u>	<u>.10%</u>	<u>15%</u>	<u>20%</u>	<u>25%</u>
2,550 Units ^{1/}	125	255	380	510	640
Probability of Achievement:	95%	85%	75%	65%	50%



^{1/} Based upon additional demand for quality apartments (765 per year) and number of quality apartment turn-over potential for prototypical year earning more than \$20,000 per year (1,785 units per year).

Market Program

From our analysis of competition and the marketability of particular unit types and unit sizes, we have recommended a preliminary luxury rental apartment program for the Park Plaza site. This program, summarized in Table IV-2 below, primarily addresses the smaller, upper-income households through a variety of unit types. Specifically, in addition to the usual efficiency, one, two, and three bedroom units, we have also included one and two bedroom apartments with dens. These den units will enable the project to serve a wider spectrum of the market by providing both additional price flexibility and a "swing" unit should market conditions change.

The recommended unit sizes are at, or slightly above the median unit sizes of other quality rental apartments in the Boston - Brookline core area. These recommended sizes will enable Park Plaza to offer a highly competitive product at rent levels competitive with other quality apartments in the market area. Specifically, the unit sizes are expressed in net square feet, reflecting mid-wall to mid-wall measurements, and provide a sufficient building envelope for outstanding unit design. An increase in unit sizes above those recommended, we believe, would result in a reduction in average square foot rents.

Table IV-2

RECOMMENDED DEVELOPMENT PROGRAM
QUALITY RENTAL APARTMENTS
PARK PLAZA SITE

<u>Unit Description</u>	<u>Unit Mix</u>	<u>Average 1975 Unit Rent 1/</u>	<u>Average Unit Size in Net Square Feet</u>	<u>Average Rent Per Square Foot in 1975</u>
Efficiency, 1 Bath	15%	\$330	600 s.f.	\$.55
One Bedroom, 1 Bath	40%	\$460	850 s.f.	.54
One Bedroom - Den, 1 1/2 Bath	10%	\$560	1,050 s.f.	.53
Two Bedroom, 2 Bath	25%	\$625	1,250 s.f.	.50
Two Bedroom - Den, 2 1/2 Baths	5%	\$700	1,400 s.f.	.50
Three Bedroom, 2 1/2 Baths	5%	\$760	1,550 s.f.	.49

1/ Based upon an assessment of 1971 potentials and an eight percent average annual increase in rentals during the 1971 - 1975 period.

Rent Levels

As evidenced in the preceding table, average unit rents are expressed in 1975 current dollars. These 1975 rents have been converted into 1971 rents in Table IV-3 in order to facilitate a comparison with competitive

quality apartments in the core area. The estimated 1971 equivalents of the recommended Park Plaza rents lie between the median and upper end of the range both on a per unit and per square foot comparative basis and, therefore, should insure market acceptance of the project at an absorption level centering on 315 annually and ranging from 255 to 380 units per year depending upon specific market conditions at the time of leasing.

Table IV-3 COMPARISON OF PROJECTED 1975
PARK PLAZA RENTS
AND 1971 EQUIVALENTS

<u>Unit Types</u>	<u>Per Unit Rent</u>		<u>Per Square Foot Rent</u>	
	<u>1975</u> <u>Estimate</u>	<u>1971</u> <u>Equivalent</u> ^{1/}	<u>1975</u> <u>Estimate</u>	<u>1971</u> <u>Equivalent</u> ^{1/}
Efficiency	\$330	\$250	\$.55	\$.42
One Bedroom	\$460	\$350	\$.54	\$.41
One Bedroom-Den	\$560	\$425	\$.53	\$.40
Two Bedroom	\$625	\$475	\$.50	\$.38
Two Bedroom-Den	\$700	\$525	\$.50	\$.38
Three Bedroom	\$760	\$575	\$.49	\$.37

^{1/} Assumes an average annual 8 percent increase in rents during the 1971-1975 period based upon historical trends in Quality Buildings in Core Area. The 8 percent rate includes both real and inflationary increases.

The recommended rents presented in the preceding schedules are average rents for the development and specific unit prices will vary depending upon view and location within the building. An examination of the Boston market indicates that "view units" are able to command a premium of approximately ten percent above "non-view units". Likewise, rents for apartments located higher in the building receive a premium of approximately \$5.00 per floor.

In addition to the scheduled rent, Park Plaza could expect to charge for both parking and the use of recreational facilities. Competition generally rents parking from \$35 to \$55 per month, and we expect that Park Plaza could charge the 1975 equivalent of \$55 monthly per space.

Amenities and Design

Charges for recreation facilities depend upon recreational package offered. At Park Plaza, we recommend a complete health club facility including indoor and outdoor pools, sauna, steambath, hand ball/squash courts, and a workout room. In addition, we recommend a putting green, constructed of artificial turf, which will provide a sense of luxury while requiring minimum maintenance and roof-top tennis courts if these can be accommodated within the project designed. We estimate that this amenity package could attract members at a price ranging from \$150 to \$250 per year, depending upon the facilities offered.

In order to be successful, the luxury apartment development, Park Plaza, must take advantage of its location, particularly views of the Common and Public Garden as well as upper level views across Beacon Hill, the river, and Boston Harbor. Possible lower views should focus upon the Garden, Common, or highly landscaped interior courts rather than along Columbus Avenue or Stuart Street. We recommend, therefore, that lower apartments be oriented towards specific views and be designed as single loaded units in order to maximize market performance.

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Reference

PARK PLAZA

Luxury Housing Opportunities

1871

1871

